

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NO. 2019-209-E**

**IN RE:** )  
 )  
**South Carolina Energy Freedom Act (House** )  
**Bill 3659) Proceeding Related to Dominion** )  
**Energy South Carolina, Incorporated and S.C.** )  
**Code Ann. Section 58-41-30 Related to** )  
**Electrical Utilities and Their Current** )  
**Voluntary Renewable Energy Program, and** )  
**Such Other Proceedings Required By the** )  
**Commission** )

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**SURREBUTTAL TESTIMONY OF**

**LISA V. PERRY**

**ON BEHALF OF**

**WALMART INC.**

**DECEMBER 8, 2020**

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**I. Introduction**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.**

A. My name is Lisa V. Perry. My business address is 2608 SE J Street, Bentonville, AR 72716-0550. I am employed by Walmart Inc. ("Walmart") as Senior Manager, Energy Services.

**Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?**

A. I am testifying on behalf of Walmart.

**Q. ARE YOU THE SAME LISA V. PERRY WHO FILED DIRECT TESTIMONY IN THIS DOCKET ON NOVEMBER 24, 2020?**

A. Yes, I am.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. The purpose of my testimony is to respond to portions of the Rebuttal Testimony of John E. Folsom, Jr. ("Folsom Rebuttal") filed in this Docket on December 1, 2020, on behalf of Dominion Energy South Carolina, Incorporated ("DESC" or "Company").

**Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR POSITION ADVOCATED BY THE COMPANY INDICATE WALMART'S SUPPORT?**

A. No. The fact that an issue is not addressed herein or in related filings should not be construed as an endorsement of, agreement with, or consent to any filed position.

**II. Revisions Resulting from Negotiations Between the South Carolina Solar Business Alliance ("SCSBA") and the Company.**

**Q. HAVE YOU REVIEWED THE CHANGES TO THE VOLUNTARY RENEWABLE ENERGY ("VRE") RIDER RESULTING FROM NEGOTIATIONS BETWEEN THE COMPANY AND THE SCSBA?**

**A.** Yes.

**Q. DO YOU TAKE A POSITION ON THE CHANGES TO THE VRE RIDER RESULTING FROM THE NEGOTIATIONS BETWEEN THE COMPANY AND THE SCSBA?**

**A.** Walmart does not oppose the changes as outlined in Company witness Folsom's Rebuttal and reflected in the revised tariff.

**III. Response to Folsom Rebuttal Regarding Contract Terms in Excess of Twenty Years.**

**Q. WHAT WAS YOUR RECOMMENDATION WITH REGARD TO THE MAXIMUM LENGTH OF RENEWABLE GENERATION ("RG") SUPPLY AGREEMENTS AND POWER PURCHASE AGREEMENTS ("PPAs")?**

**A.** Walmart recommended that the Public Service Commission of South Carolina ("PSC" or "Commission") should change the overall term limit to a maximum of twenty years rather than the ten years proposed by the Company.

1       **Q.     DID THE COMPANY RESPOND TO WALMART'S RECOMMENDATION THAT**  
2       **CUSTOMERS SHOULD BE ENTITLED TO NEGOTIATE A RG-SUPPLY AGREEMENT AND**  
3       **RELATED PPA WITH A MAXIMUM TERM OF TWENTY YEARS?**

4       A.     Yes. The Company does not agree with Walmart's recommendation to authorize  
5       customers to negotiate a contract with a maximum term of twenty years. Rather, the  
6       Company argues that the maximum length of the contract should be ten years. In Mr.  
7       Folsom's Rebuttal Testimony, he claims that "the Commission held that the evidence  
8       [from a prior proceeding] did not support approval of a fixed price PPA with a duration  
9       longer than ten years." Folsom Rebuttal, p. 3, lines 14-16. The Company claims that  
10      all customers will be placed at risk if customers are able "to lock in future capacity and  
11      energy payments or a methodology for more than ten years based on current market  
12      conditions and assumptions." *Id.* at 3, lines 20-22. Mr. Folsom goes on to state that  
13      "[r]equiring the renegotiation of contracts at the end of ten years to reflect the then  
14      current PURPA requirements and avoided costs is fair and in the interests of DESC's  
15      customer base as a whole." *Id.* at 4, lines 3-5.

16      **Q.     DOES WALMART PROPOSE TO FIX THE PRICE OF THE VRE CONTRACT FOR A PERIOD**  
17      **OF TWENTY YEARS?**

18      A.     No. Walmart was suggesting that DESC should adopt similar language to that being  
19      proposed by Duke Energy Carolinas, LLC and Duke Energy Progress, LLC (collectively  
20      "Duke") in their Rider Green Source Advantage ("GSA") docket. *See generally In the*  
21      *Matter of: Joint Application of Duke Energy Carolinas, LLC and Duke Energy Progress,*  
22      *LLC to Establish Green Source Advantage Programs and Riders GSA*, Docket No. 2018-

320-E ("Rider GSA Docket"). In the Rider GSA Docket, Duke proposes PPA contract terms of up to twenty years in length even though the "most recently approved avoided cost rate" is only set for a maximum of ten years. To address situations where a customer elects a fixed price bill credit and the contract is for twenty years but the avoided cost rate is only set for a ten-year period, Rider GSA provides that for "PPA contract terms longer than the Administratively Established Bill Credit Terms selected by the GSA Customers, the Bill Credit will be re-calculated at the end of the initial Bill Credit term using the then approved methodology." *Id.* at Comments of Duke at Ex. A, p. 2 (Oct. 23, 2020).

**Q. HOW DOES WALMART'S PROPOSAL ADDRESS THE COMPANY'S STATED CONCERN ABOUT CUSTOMER RISK FOR CONTRACTS LONGER THAN TEN YEARS?**

A. Under Walmart's recommendation, although the underlying RG-Supply Agreement and PPA could be for a term greater than ten years, the calculations for the Net Energy Rate would be readjusted every ten years based on the then-current market conditions and assumptions. This alternative would allow customers to enter into RG-Supply Agreements with terms greater than ten years (up to twenty years) while keeping the economics of the Net Energy Rate in line with a ten-year PPA.

**Q. ARE YOU PROPOSING THAT CUSTOMERS MUST NEGOTIATE A VRE CONTRACT FOR UP TO A TWENTY-YEAR TERM?**

A. No. Walmart believes that a customer should simply have the option to enter into a contract for up to twenty years.

1       **Q.       WHAT IS THE BENEFIT OF ALLOWING LONGER VRE CONTRACT TERMS?**

2       A.       As I noted in my Direct Testimony, the potential for longer contract terms makes the  
3               VRE Rider more attractive to suppliers and enables customers to negotiate more  
4               favorable pricing. Although the contracting parties know there will be a pricing  
5               change at ten years, a longer term up to twenty years for the contract provides long-  
6               term certainty to the customer of the availability of the resource and to the supplier  
7               that they will have a customer. Moreover, by incorporating an automatic refresh of  
8               the ten-year avoided cost rate, the Company can also ensure that non-participating  
9               customers are held harmless.

10  
11       **IV. Response to Folsom Rebuttal Regarding Limiting RG-Supply Agreements and PPAs to the**  
12       **Customer's Electric Service Contract with the Company.**

13       **Q.       WHAT WAS YOUR RECOMMENDATION WITH REGARD TO LIMITING RG-SUPPLY**  
14               **AGREEMENTS AND PPAs TO THE CUSTOMER'S EXISTING ELECTRIC SERVICE**  
15               **CONTRACT?**

16       A.       Rather than limiting the applicable contract term to the length of the participating  
17               customer's electric service contract without taking into consideration any automatic  
18               renewals of that contract, Walmart recommended that the Commission assume that  
19               the participating customer's electric service contract would automatically renew for  
20               the number of renewal periods authorized under the customer's service contract, up  
21               to the ten-year (or twenty-year if Walmart's recommendation above is accepted)  
22               overall limitation.

1       **Q.       DID THE COMPANY RESPOND TO THIS RECOMMENDATION?**

2       A.       Yes. The Company believes that it is "only fair for a customer to commit to remain on  
3               the [DESC] system for the duration of the contracts that they negotiate for renewable  
4               energy to be provided to meet its needs." See Folsom Rebuttal, p. 5, lines 3-5.  
5               Otherwise, DESC claims that a customer could leave the system after the Company  
6               entered into a long-term PPA. See *id.* at 4, lines 17-19.

7       **Q.       WHAT IS WALMART'S RESPONSE TO THE COMPANY'S STATED CONCERN WITH**  
8               **REGARD TO THE AUTOMATIC RENEWAL PROVISION AND RECOMMENDATION TO**  
9               **THE COMMISSION?**

10      A.       Again, Walmart appreciates the Company's concerns with a customer electing not to  
11               renew its electric service contract and leaving the system before the PPA expires. To  
12               eliminate this risk, Walmart recommends amending the Tariff to direct the Company  
13               to enter into PPAs that allow for the PPA to terminate in the event that the  
14               participating customer leaves the Company's system. This would allow the customer  
15               to enter into longer and more economical RG-Supply Agreements while providing the  
16               Company protection against being locked into a PPA after the participating customer  
17               has terminated the underlying electric service contract.

18  
19      **V. Conclusion and Recommendations**

20      **Q.       PLEASE SUMMARIZE WALMART'S RECOMMENDATIONS TO THE COMMISSION.**

21      A.       If the Commission approves the VRE Rider, Walmart recommends that the  
22               Commission make the following changes:



- 1) The Commission should change the overall term limit for RG-Supply Agreements and related PPAs to a maximum of twenty years.
- 2) For contract terms in excess of ten years, the avoided cost rate should be recalculated at year ten to incorporate the Commission's then approved rates for energy and capacity.
- 3) The Commission should not limit the contract term to the customer's contract with DESC, but should instead assume that the participating customer's electric service contract will automatically renew for the number of renewal periods authorized under the customer's service contract, up to the ten-year (or twenty-year if Walmart's recommendation above is accepted) overall limitation.
- 4) To mitigate against customers negotiating long-term PPAs and then leaving the DESC system prior to the expiration of those agreements, the Company should include a term in the PPA providing for automatic termination of the PPA in the event the customer leaves the DESC system.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

**A.** Yes.